



# HSA Myth: HSAs are only a good option for those with a lot of money

Many consumers believe that Health Savings Accounts (HSAs) are just a tax shelter for the wealthy or a low-cost health insurance alternative for young and healthy individuals. The truth is that up to 65% of consumers would benefit financially from being in a high-deductible health plan (HDHP) paired with an HSA. These plans and accounts support a diverse group of participants who have middle-class incomes, families and even chronic conditions.

## Strategies for spenders

In an ideal world, healthcare consumers would have plenty of money to contribute to their HSA in order to pay for qualified medical expenses pre-tax, save money for future medical care and invest to increase savings. But the reality is that many people simply can't afford to engage in that way with their HSA. The next-best move for consumers is to contribute the dollar amount they think they're likely to spend on out-of-pocket healthcare costs in the coming year, at least up to their plan's deductible. That way, they can reach their deductible with tax-free dollars and, therefore, spend less money (30% less on average) than they would were it to come straight from their bank account.

## Use premium savings to fund your HSA

Another tip for paying for healthcare costs and increasing savings: Contribute to your HSA the amount that would have gone toward your monthly premium in a traditional health plan. For example, if the monthly premium for an employee's traditional employer-sponsored health plan is \$400 and the premium for the HSA-eligible HDHP is \$200, they should take the difference (\$200) and contribute it into their HSA. Worst case, they'll be prepared to spend that money on medical expenses that arise. If they don't use it all that month, however, they can slowly build up a nest egg for future unforeseen costs, retirement or investment.



## HSA participants by the numbers\*:

- **\$72.4k is the average household income**
- **59% are 39 years old or older**
- **52% have children**
- **37% have a high school diploma or less**
- **10% consider themselves to be unhealthy**

*\*Results gathered from the Alegeus 2019 HSA Participant Profile*

**Contact us today to learn how an HSA can benefit your organization**